

## Message Text

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17

ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 OMB-01 CAB-05 DODE-00 DOTE-00 FAA-00 L-02

MC-02 /072 W

----- 129706

R 131425Z MAY 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 5337

UNCLAS REYKJAVIK 0524

DEPT PASS EXIMBANK

E.O. 11652: N/A

TAGS: EAIR EFIN BEXP BTID IC

SUBJECT: GOVERNMENT GUARANTEE REQUESTED TO PURCHASE U.S. PLANES

1. A BILL HAS BEEN INTRODUCED INTO THE ALTHING (PARLIAMENT) ASKING FOR AN U.S. 18.5 MILLION DOLLAR GUARANTEE FOR FLUGLEIDIR TO PURCHASE TWO DC-8-63 CF JETS (\$13.5 MILLION) PRESENTLY LEASED BY LOFTLEIDIR FROM SEABOARD WORLD AIRLINES IN NEW YORK, AND TO PROVIDE OPERATING CAPITAL (\$5 MILLION) FOR THE AIRLINE PARENT OF LOFTLEIDIR AND ICELANDAIR.

2. THE \$13.5 MILLION REPRESENTS TWO-THIRDS OF THE CURRENT VALUE OF THE PLANES, ONE-THIRD HAVING BEEN PAID AS RENT. FLUGLEIDIR PLANS TO BORROW THE TOTAL AMOUNT NEEDED FROM COMMERCIAL BANKS AND EXIMBANK, BUT NEEDS THE GUARANTEE URGENTLY AS THE LEASE WITH SEABOARD EXPIRES MID-1975.

3. COMMENT. THE NORTH ATLANTIC RUN HAS RESULTED IN FINANCIAL DIFFICULTIES FOR LOFTLEIDIR AND THERE IS SOME OPPOSITION ON THIS GROUNDS IN THE ALTHING FROM THE PEOPLE'S ALLIANCE AND OLL, ESPECIALLY FOR THE GUARANTEE FOR THE OPERATIONAL LOAN. (AFTER REVIEWING 1975 PROSPECTS LOFTLEIDIR DECIDED TO DROP ONE DC-8  
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FROM ITS SUMMER SCHEDULE, USING ONLY THREE INSTEAD OF FOUR

DC-8S.) THE GUARANTEE WILL LIKELY BE APPROVED, THE PRINCIPAL  
OBSTACLE BEING THE FEW WEEKS REMAINING IN THE CURRENT SESSION  
OF THE ALTHING.  
MARTIN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMERCIAL AIRCRAFT, PROCUREMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975REYKJA00524  
**Document Source:** CORE  
**Document Unique ID:** 00  
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**Errors:** N/A  
**Film Number:** D750168-1222  
**From:** REYKJAVIK  
**Handling Restrictions:** n/a  
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**Line Count:** 65  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION XMB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
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